

MINUTES OF THE FLORENCE TOWN COUNCIL WORK SESSION HELD ON MONDAY, JANUARY 30, 2012, AT 5:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER:

Mayor Kilvinger called the meeting to order at 5:00 p.m.

ROLL CALL:

Present: Kilvinger, Smith, Woolridge, Celaya, Hawkins, Brown
Absent: Raasch

WORK SESSION ON DEVELOPMENT IMPACT FEES

Ms. Becki Guillin, Finance Director, said the Town has contracted Duncan and Associates, to prepare an Infrastructure Improvement Plan and Development Impact Fee Report. She said legislation changed significantly last year in the way impact fees are assessed, what is allowed, and what is not allowed. She said revised development impact fees were implemented on January 1, 2012. She said there were some impact fees that were impacted in its entirety including the sanitation and library fees, based on the recommendation of the consultant. She said the second process is to provide the Council with the land use assumptions that are going to be used for the fees and the methodology and level of service.

Mr. Clancy Mullen, Duncan and Associates, introduced the team and gave a brief background on each of the team members. He also gave a brief overview of their experience.

Mr. Clancy Mullen gave a brief overview of Senate Bill 1525 that was passed by the legislature and the requirements that had to be made by January 1, 2012 (first phase. He briefly discussed the changes made; which included the following departments and modifications/suspension of fees:

- Water/Wastewater
 - No change
- Library
 - Major changes
- Fire/Police
 - Moderate changes
- Parks
 - Major changes
- General Government/Administrative Facility Fees
 - Major Changes
- Transportation
 - No change

Mr. Mullen said that fees collected after January 1st can only be spent on eligible facilities. He said if the Town has any monies in the impact fees account that were collected prior to January 1, the Town can collect it on what it was collected for.

Mr. Mullen said the Town must in full compliance with the second phase by August 1, 2014. He said the Town needs to:

- Recalculate fees
- Identify service areas
- Prepare land use assumptions for a ten year period
- Establish level of service
- Describe existing facilities
- Analyze existing capacity and usage
- Project future service units based on the land use assumptions
- Determine the 10 year needs (Infrastructure Improvements Plan)
- List of projects that will be funded in the next ten years
- Establish fee schedule – needs to be updated every five years
- Need to establish an advisory committee that has to have a certain amount of developer participation, development community oriented, or a certified biennial audit.

Mr. Mullen said if the Town elects to do the advisory committee, it needs to be in place while they are updating the fees. He said the alternate can be to do the audit every two years, and the advisory committee does not need to be set up. He said most communities that he is working with are leaning to the biennial audit.

Mr. Mullen said they started working in October 2011 and finished in mid November, 2011 in order to be in compliance by January 1, 2012. He said the kick off was in November/December 2011. He said they will be drafting the Infrastructure Improvements Plan and the study with the consolidated document. He said it should be ready by the end of the summer. They will have a staff draft and then the public review draft, which the public will have an opportunity to review. They will have several public participation meetings. The dates for the public participation meetings have not been set.

Mr. Mullen said by January 1, 2012, they did the following:

- Cease collecting sanitation fees
- Cease collecting general government fees
- Cease collecting library fees
- Reduce fire/police fees to remove administrative equipment
- No changes required to transportation or utility fees
- Earmark future fees to be spent only on eligible improvements

Mr. Mullen said by August 14, 2014, they will do the following:

- Appoint advisory committee (optional with biennial audit)
- Identify service areas (many need multiple areas for parks, utilities)
- Prepare and adopt land use assumptions/infrastructure plan
- Prepare and adopt impact fee study/ordinance

Mr. Mullen said of the biggest issues in the service areas. He said it is easier to collect the funds and more flexibility in spending the funds. He said their suggestions is as follows:

Transportation

- Town Wide
- Town wide Impact Fee restricted to arterial and major collectors and exclude the cost of State roads, minor collectors and local streets.

Police

- Town Wide
- Police protection is provided throughout the Town from roving patrol cars based in a central police station.

Fire

- Town Wide
- The Town has multiple fire stations and provide limited service. He said equipment from multiple stations may be dispatched to a since incident or equipment may be moved from one station to another.

Library

- Town Wide
- The single library is planned to serve the entire community, which is typical for communities of this size.

Parks

- Two service areas
 - Merrill Ranch area
 - Central area

He said in the Parks Master Planner, neighborhood park is identified as 10-acre sites serving development within a one-half mile radius, and community parks as sites within a minimum size of 50 acres serving development within a 5-mile radius. He said it is recommended that park impact fee service areas for sites with up to 30 acres should be limited to approximately 1.5 mile radius, or areas that are roughly 9 square miles (3 miles x 3 miles). He said there isn't a park in the Merrill Ranch service area, which is an existing deficiency. He said there are three existing parks in the central area. He said they are not suggesting a service area for the Florence Gardens area.

Water/Wastewater – North and South

- Restrict to treatment plants, wells, storage tanks
- Two system for both water and wastewater
- River will be the dividing line

Mr. Mullen said that they are suggesting that the impact fees for water and wastewater continue as they are now. He said it is recommended that there should be two water service areas: North and South. The North service area would include the water planning area north of the Gila River, with the exception of Florence Gardens. Florence Gardens would be excluded because they are paying for water production through assessments.

Mr. Mullen said the updated wastewater impact fees will cover only treatment plant costs. It is recommended that there should be two wastewater service areas: North and South. He said this will avoid the need to give developers credits for line extensions, which could be treated under separate "pro rata" agreement in which the initial developer can be reimbursed for a portion of the cost of an oversized line from subsequent developers who tie into those lines. He said it will also simplify the identification of service areas.

Mr. Mullen discussed the following;

- Land Use Assumptions
 - Growth projection by service area
 - Must cover at least ten years (2013-2023)
 - Will not affect impact fee calculations
 - Exiting based on:
 - Building permit and Census block data (residential)
 - CAAG estimates (nonresidential except prisons)
 - Town prison survey (prisoners)

Mr. Mullen said they are projecting the best they can with regards to the amount of growth that they project to happen over the next ten years. He said they used permitting data and census data from 2010 to find out what they have in terms of residential development. He said they also used CAAGs data on non-residential. CAAGs information included housing units, household populations, group quarters, population and employment. He said CAAG stated that their projections are out of date, which were last done in 2006 or 2007.

Mr. Mullen discussed in detail the following:

- Calculation Methods
- Sources used for calculations
- Housing boom that caused an influx in the projections from the sources that were used
- Scaling back numbers to reflect a more realistic ten year plan
- Revised projections for land use assumptions

Mr. Mullen discussed forms of methodology. They are:

- Standards- based
 - Based on generalized, service area-wide facility/demand ratio
 - Flexibility
 - Changing IIP will not affect fees
- Plan-based
 - Must have facility master plan
 - Town will not use the plan based methodology
 - No flexibility

Mr. Mullen discussed the Problem Areas:

- Parks
 - Service areas must be small, scaled to "neighborhood park"
 - All existing "neighborhood parks" are in the "old Florence" area
 - Other service areas
 - Will have existing deficiencies
 - Must have good development potential
 - Will commit Town to building a park in the next ten years
- Libraries
 - Can have town-wide service area
 - No existing level of service (existing deficiencies)

Mr. Mullen said all of the existing neighborhood parks are in the "old Florence" area. He said there is an existing level of service in that area. He said you can continue to charge fees

for this. He said if other service areas are designated, then the Town will have an existing deficiency. He said impact fees will cover just under half of the cost.

Mr. Mullen said they are recommending Town wide services for the Library, but the Town does not have an existing level of service. The Town has a larger deficiency issue with regards to the Library. Florence has a parks deficiency in the Merrill Ranch area.

Mr. Mullen discussed the park fees for the Merrill Ranch area and for Library, which included:

- Charge park fees in Merrill Ranch area?
 - Must commit to build 42 acres of parks in the next 10 years
 - Impact fees will cover just under half the cost
 - Must commit \$1.4 million in other funding for deficiencies
- Charge Library fees?
 - Must commit to build at least 10,000 square foot library in the next ten years
 - Impact fees will cover only about 20% of construction cost
 - Impact fees will not cover cost of books, furnishings, or equipment
 - Must commit \$2.1 in other funding for deficiencies, plus cost of books, furnishing and equipment

Mr. Mullen said all of the Town's current fees except transportation were calculated using a standards-based methodology. He said it is their recommendation to use the standards-based methodology for all of the impact fee types. It will give the Town the flexibility to change the capital plans without triggering the need for a new master plan and impact fee study.

Mr. Mullen said SB 1525 doesn't tell you how to calculate the fees. It provides general guidelines. He said SB 1525 states that the fees need to be based on the same level of services provided to existing development in the service area. He also explained proportionate share. He said the Town could adopt fees that increase based on the schedule. He said the fees will need to be reviewed in five years. He said they want to be as close as they can get with the land use projections. He discussed the Town's deficiencies and the fees will pay for less.

Mr. Mullen said if the Town wants to do an advisory committee, the committee needs to be appointed in the very near future.

Mayor Kilvinger said that Mr. Mullen has provided a very detailed overview of SB 1525 and what changes will need to be implemented.

Councilmember Hawkins said the parks in the Merrill Ranch are funded through the homeowners association. He said if the Town built parks in the Merrill Ranch area, they could be used by all Town residents.

Himanshu Patel, Town Manager, stated that he was correct. The parks would be public parks since they would be built with public dollars.

Discussion occurred on parks and who is able to use the parks. There was also clarification on the size of the parks, libraries, what impact fees can be assessed on, and how the fees can be utilized.

Councilmember Brown inquired about ceasing of sanitation fees effective January 1, 2012.

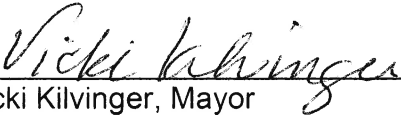
Mr. Patel said the impact fees for Sanitation ceased effective January 1, 2012, per SB 1525.

Discussion occurred on the current impact fees that the Town can collect.

Becki Guillin, Finance Director, said they are working on the Infrastructure Improvement Plan and are going through all the capital projects that were impact fee designated or that the designation was not made and they are updating them to develop the next portion; which is the Infrastructure Improvement Plan (IIP). The IIP will tell the Town how much the fee will be over the next five to ten years.

ADJOURNMENT

On motion of Councilmember Brown, seconded by Councilmember Woolridge and carried to adjourn the meeting at 6:03 p.m.


Vicki Kilvinger, Mayor

ATTEST:


Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on January 30, 2012, and that the meeting was duly called to order and that a quorum was present.


Lisa Garcia, Town Clerk